



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0732	Title:	Teacher Housing Incentive Program
Primary Sponsor:	Small-Eastman, Veronica	Status:	As Amended in House Committee

- | | | |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$5,000	\$3,950	\$3,950	\$3,950
State Special Revenue	\$5,000	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$5,000	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$5,000)</u>	<u>(\$3,950)</u>	<u>(\$3,950)</u>	<u>(\$3,950)</u>

Description of Fiscal Impact:

HB 732 creates the Montana Quality Educator Housing Incentive Loan Program in the Department of Commerce which would be used to fund home loans to eligible teachers willing to teach in areas of the state facing a critical teacher shortage. The proposed program would be established in the Department of Commerce's Housing Division.

FISCAL ANALYSIS

Assumptions:

1. HB 732 creates a housing loan program for classroom teachers who teach in high-priority school districts and have 2 years or more of experience teaching in the subject area that the high priority school district is seeking.
2. A high priority district means a school district that is located in geographic regions of the state that has had difficulty recruiting and retaining quality educators for any K-12 grade; has specific certification or endorsement areas that are impacted by critical quality education shortages in grades K-12; and has 50% or more of the students in the district eligible for free and reduced price meals.

3. An "eligible home" means the primary residence of a quality educator that is located within 10 miles of a high-priority school district that is assigned a distant or remote locale code for a rural area by the National Center for Education Statistics. There are currently 344 school districts that are assigned a distant or remote locale code for a rural area by the National Center for Education Statistics. Of these districts, 86 meet the requirement that 50% or more of the students are eligible for free and reduced price meals.
4. The definition of a "quality educator" in HB 732 is an educator or licensed professional who holds a valid license and has 2 years or more of experience teaching in the subject area that the high priority school district is seeking.
5. A quality educator who receives a loan under the housing incentive loan program is required to purchase a house and reside in a county in which the school district is located for which the quality educator is providing service.

Office of Public Instruction (OPI)

6. The duties of the Office of Public Instruction under HB 732 include identifying the geographic regions of the state that have had difficulty recruiting and retaining teachers, identifying specific certification and endorsement areas that are impacted by critical quality education shortages, identifying high-priority school districts, developing a loan application, reviewing applications, sending applications to the Department of Commerce, and keeping track of five years of service.
7. OPI will need to hire a temporary employee or contract for services to develop the loan application and manage the application process (0.1 FTE accountant, Band 5 market) at a cost of \$3,950. The bill provides funding in the first year, and not in additional years, however the need for this employee for loan tracking purposes will be ongoing and is therefore shown as a general fund cost.

Department of Commerce (DOC)

8. Teacher eligibility would be determined by the Office of Public Instruction.
9. The proposed program would provide up to two mortgages for a qualifying teacher:
 - A second mortgage not to exceed 20% of the total cost of an eligible home not to exceed 4%
 - A forgivable loan equal to not more than 10% of the total cost of the eligible home forgiven 20% a year for five years.
10. HB 723 includes \$5,000 of funding to DOC; having little fiscal impact. However, if significant funding were included and depending on the level of said funding, an additional FTE and administrative costs would be required to implement the provisions contemplated in the bill.
11. The DOC has included a \$1,050 operating expense for miscellaneous costs in setting up the program in FY 2008. DOC would administratively transfer \$3,950 to OPI for their miscellaneous operating costs. (\$5,000 - \$1,050 = \$3,950).
12. Assuming the funding for the loan program would not exceed \$5 million, no additional staff at the DOC would be necessary associated with processing the loan applications. If the loan program exceeded \$5 million, additional staff would be required for program administration.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
OPI				
FTE	0.10	0.10	0.10	0.10
<u>Expenditures:</u>				
Personal Services	\$3,950	\$3,950	\$3,950	\$3,950
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$3,950	\$3,950	\$3,950
State Special Revenue (02)	\$3,950	\$0	\$0	\$0
TOTAL Expenditures	\$3,950	\$3,950	\$3,950	\$3,950
<u>DOC</u>				
<u>Expenditures:</u>				
Operating Expenses	\$1,050	\$0	\$0	\$0
Transfers (frm GF)	\$5,000	\$0	\$0	\$0
Transfers (to OPI)	\$3,950	\$0	\$0	\$0
TOTAL Expenditures	\$10,000	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$5,000	\$0	\$0	\$0
State Special Revenue (02)	\$5,000	\$0	\$0	\$0
TOTAL Funding of Exp.	\$10,000	\$0	\$0	\$0
<u>Revenues:</u>				
State Special Revenue (02)	\$5,000	\$0	\$0	\$0
TOTAL Revenues	\$5,000	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$5,000)	(\$3,950)	(\$3,950)	(\$3,950)
State Special Revenue (02)	\$0	\$0	\$0	\$0

Technical Note:

1. New Section 3(4) allows loans be disbursed from the housing loan program within the DOC. The repayment of the loans issued under this bill would be deposited in the new account established in new Section 5 which is administrated by the OPI. The education housing incentive loans will reduce the housing loan fund balance.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date